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*Counsel to the Debtors and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT**  
**SOUTHERN DISTRICT OF NEW YORK**

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In re: ) Chapter 11  
 )  
CELSIUS NETWORK LLC, *et al.*,<sup>1</sup> ) Case No. 22-10964 (MG)  
 )  
Debtors. ) (Jointly Administered)  
)

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**DEBTORS' REPLY IN SUPPORT OF**  
**DEBTORS' MOTION SEEKING ENTRY OF AN ORDER**  
**(I) SETTING A BRIEFING SCHEDULE AND (II) GRANTING RELATED RELIEF**

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The above-captioned debtors and debtors in possession (collectively, the “Debtors”) submit this reply (“Reply”) in support of the *Debtors’ Motion Seeking Entry of an Order (I) Setting A Briefing Schedule and (II) Granting Related Relief* [Docket No. 1338] (the “Motion”)<sup>2</sup> and in response to the objection of the Official Committee of Unsecured Creditors (the “Objection” filed

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); and Celsius US Holding LLC (7956). The location of Debtor Celsius Network LLC’s principal place of business and the Debtors’ service address in these chapter 11 cases is 50 Harrison Street, Suite 209F, Hoboken, New Jersey 07030.

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion or the Objection, as applicable.

by the “Committee”). For the reasons set forth below, the Debtors request that the Objection be overruled and the Motion be granted as provided in the Proposed Order.

**Reply**

1. The Debtors are making significant progress on their dual-track process of marketing their assets for sale while simultaneously developing a standalone reorganization plan. Additionally, the Debtors await a ruling from the Court regarding whether the Earn assets constitute property of their estates, and have obtained an extension of the deadline for the Debtors’ exclusive right to file and solicit a chapter 11 plan. To further advance these chapter 11 cases, the Debtors proposed a briefing schedule to address the Briefed Legal Issue. The Committee urges the Debtors to simply file a chapter 11 plan that aligns with the Committee’s views, but this is a key legal issue that can be resolved now ahead of confirmation of a plan.

2. The Debtors expect that in the coming weeks they will determine, in close consultation and cooperation with the Committee and other stakeholders, the foundations of a value-maximizing path forward. Specifically, the final bids in the whole-company sale process are due in mid-December, and the Debtors expect to announce additional details regarding their standalone reorganization plan in the near term. Pushing forward with the proposed briefing schedule in parallel is an efficient use of time and will yield a resolution sooner than any of the alternatives proposed by the Committee. In light of these costs and the Debtors’ tightening liquidity, it is imperative the Debtors propose a confirmable plan in the first instance to minimize expenses and maximize creditor recoveries.

3. The Committee argues that the briefing schedule will take too long and that resolving these issues in connection with plan confirmation would shorten the length of these chapter 11 cases, but this is simply not true. The briefing schedule proposed in the Motion could have this issue resolved as soon as the end of January. Furthermore, with the support of the Committee, the Debtors

obtained an extension of the exclusive period to file a chapter 11 plan through February 15, 2023.<sup>3</sup> Because the Briefed Legal Issue could be resolved during the consensual exclusivity extension, it is unclear why the Committee thinks the briefing schedule requires the “luxury of time” or will result in “further delay.” Objection ¶¶ 2, 3.

4. Finally, the Committee notes that there are other issues that relate to customer claims that could be addressed along with the Briefed Legal Issue in the context of plan confirmation, including an intercompany claim, substantive consolidation, and a fraudulent transfer claim. Objection ¶ 4. The Debtors’ analysis of intercompany claims (including the \$9,093,663,742.78 intercompany claim from Celsius Network Limited to Celsius Network LLC that the Debtors included in the Schedules (the “Scheduled Intercompany Claim”)) is ongoing. Based on the Debtors’ analysis to date, the Debtors currently expect that there will be an amendment required to the Scheduled Intercompany Claim to reflect the final results of the Debtors’ analysis, and the Debtors will promptly amend the Global Notes and Schedules accordingly following the conclusion of such analysis. The Debtors agree that these other issues require resolution, but the fact that other issues are present is not a reason to deny resolving *this* issue now.

### **Conclusion**

5. For the foregoing reasons, the Debtors request that the Court overrule the Objection and enter the Proposed Order.

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<sup>3</sup> *Debtors’ Reply in Support of Debtors’ Motion for Entry of an Order (I) Extending the Debtors’ Exclusive Periods to File a Chapter 11 Plan and Solicit Acceptances Thereof Pursuant to Section 1121 of the Bankruptcy Code and (II) Granting Related Relief* [Docket No. 1587].

New York, New York  
Dated: December 6, 2022

/s/ Joshua A. Sussberg

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